

Todd F. Silbergeld
Director
Federal Regulatory

SBC Communications Inc.
1401 I Street, N.W.
Suite 1100
Washington, D.C. 20005
Phone 202 326-8888
Fax 202 408-4806

EX PARTE OR LATE FILED

September 8, 1998

EX PARTE PRESENTATION

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: *In the Matter of Applications for Consent to the Transfer of Control of
Licenses and Section 214 Authorizations from Southern New England
Telecommunications Corp. to SBC Communications Inc., CC Docket No. 98-
25*

Dear Ms. Salas:

On Friday, September 4, 1998, Anne MacClintock, Vice President-Regulatory Affairs and Public Policy and Wendy Bluemling, Director-Regulatory Affairs of Southern New England Telecommunications Corporation (SNET), together with Todd F. Silbergeld, Director-Federal Regulatory and Wayne Watts, General Attorney and Assistant General Counsel, of SBC Communications Inc. (SBC), met with Donald K. Stockdale, Jr., Radhika Karmarkar, Susan Lee O'Connell, Pieter T. van Leeuwen and Jeffrey Lanning of the FCC to discuss the above-referenced docket.

In this meeting, the representatives of SBC and SNET confirmed that the Connecticut Department of Public Utility Control (CDPUC) has now approved the transfer of control of SNET to SBC in a decision issued on September 2, 1998. In addition, representatives of SBC and SNET agreed to provide the additional information requested by the Commission Staff which is set out below.

Interconnection between SNET and Paging Companies

Certain parties have raised objections to this Commission's approval of the instant applications, asserting that SBC improperly assesses transport and termination charges on facilities provided to paging companies, including direct inward dialing numbers and local transport.¹ The allegations raised by these parties are currently the subject of a separate proceeding before this Commission.² While certain SBC

¹ See Petition to Deny of MetroCall Inc., CC Docket No. 98-25, filed March 30, 1998.

² See *In the Matter of Request for Clarification of the Commission's Rule Regarding Interconnection between LECs and Paging Carriers*, CCB/CPD File No. 97-24.

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affiliates currently assess charges to paging companies for transport, SNET does not. SBC is prepared to, and does, by this letter agree that following the consummation of the merger of SBC and SNET, SBC will not alter SNET's current practices regarding assessing charges to paging companies until the Commission issues a final non-appealable order in CCB/CPD File No. 97-24.³

SNET Diversified Section 214 Authorizations

SNET Diversified, a subsidiary of SNET, is the current holder of a global resale authorization under IRTC-96-538. This authorization grants SNET the authority to resell international private lines interconnected to the public switched network between the United States and Commission-approved countries.

The Commission Staff inquired as to whether SNET Diversified would seek to "groom" foreign return (U.S. in-bound) traffic to SBC's in-region states (i.e., California, Texas, Missouri, Oklahoma, Arkansas, Kansas and Nevada) without obtaining the FCC's prior approval. The issue of prior approval for such grooming has been raised by the FCC in a number of situations including in the context of certain SBC applications for Section 214 Authorizations. In addition, the issue of such grooming activities is currently the subject of a Notice of Proposed Rulemaking released August 6, 1998 in IB Docket No. 98-190.

In order to remove any doubt regarding SNET Diversified's activities following a Commission approval of the SBC/SNET merger, SBC and SNET agree that any agreements which SNET Diversified may negotiate with foreign carriers to route U.S. in-bound switched traffic to SBC's in-region states via SNET Diversified authorized private lines will be subject to the Commission's Section 43.51(e) requirements pending the outcome of the Commission review of this issue in IB Docket No. 98-190.⁴

³ SBC reserves the right to continue to assess charges to paging carriers using dedicated facilities, consistent with its current policies as spelled out in filings submitted in CCB/CPD No. 97-24, pending the resolution of this dispute at the Commission. SBC does not waive, and specifically reaffirms, its view that the assessment of these charges is entirely appropriate under the Commission's rules.

⁴ The Commission has previously requested SBC to provide the same acknowledgement in the case of 214 Authorization requests submitted by other SBC subsidiaries. SBC has not agreed that Section 43.51(e) applies to these applications; SBC does not waive its objections to applying Section 43.51(e) to SBC's pending or future 214 Authorizations (other than requests submitted by SNET Diversified) pending the outcome of IB Docket No. 98-190.

*SBC Is Committed To Providing High Quality Telecommunications
Services In Each Market In Which It Serves.*

During the September 4th meeting, SBC agreed to provide specific information regarding its success in providing high quality telecommunications services in California following the merger of SBC and Pacific Telesis. SBC has a long history of providing the highest quality telecommunications services in markets that it serves, including California, and SBC has improved the quality of service in California following its merger with Pacific Telesis. SBC is equally committed to insuring that high quality telecommunications services will continue to be provided in Connecticut following the merger of SBC and SNET.

Following the merger of SBC and Pacific Telesis, SBC significantly increased investments in Pacific Bell's network to insure that high quality telecommunications services continue to be available in California. In particular, SBC has invested over \$2 billion in the past year to enhance Pacific Bell's networks. The following table demonstrates that SBC has made significant investments in the Pacific Bell networks since the SBC/Pacific Telesis merger closed.

Pacific Bell and Nevada Bell

	1997	1998	% Change
Central Office Equip. Capital Expenditures	\$1.098B	\$1.141B	+4
Outside Plant Capital Expenditures	\$413M	\$523M	+27
Total Network Capital Expenditures	\$1.9B	\$2.05B	+8
Cash Operating Expenses	\$4.7B	\$5.13B	+9.1
Monthly Cash Expense Per Access Line	\$24.08	\$25.13	+4.4
Digital Switches	701	759	+8
SONET Fiber Rings	167	409	+150
Miles of Fiber Strands	329,076	604,790	+84
Miles of Fiber Sheath	8,178	14,589	+78
ISDN Lines	280,498	466,642	+66
Frame Relay Ports in Service	13,626	26,091	+91

These investments and the dedicated efforts of the Pacific Bell employees have resulted in marked improvement in the quality of service in California. For the second year in a row, Pacific Bell was recognized by J.D. Power and Associates as

one of the nation's top (ranked second) residential local telephone companies in customer satisfaction.

Since the merger, installation and repair intervals have been dramatically reduced. Repair time was reduced by an average of 60 percent, from four to seven days prior to the merger to only one to two days currently. Installation intervals were reduced by an average of 80 percent from two to three weeks to three to four days. Pacific Bell has exceeded the California Public Utilities Commission's goals in other service categories including the speed at which customers' calls to the business office, directory assistance and the repair bureau are answered.⁵

SBC has not only improved the quality of the service it provides in California, but has offered a number of new consumer products and features since its merger with Pacific Telesis. These include such new consumer products as Caller ID with Name Delivery, Enhanced Internet service with lower ISDN fees and extra e-mail boxes, and on demand features such as Pay-Per-Use Three-Way Calling. In addition, SBC has announced the roll-out of ADSL service to more than 200 California communities. This is the broadest roll-out of this high-speed Internet access service in the United States.

This type of service history should alleviate any concern this Commission may have about diminution in service quality in Connecticut.⁶

⁵ The CPUC has set a goal for Pacific Bell to answer 80 percent of repair calls within 20 seconds. In 1996, prior to the SBC/Pacific Telesis merger, Pacific Bell exceeded its goal for residential service in four of 12 months. In 1997, Pacific Bell exceeded its goal in ten of 12 months. For business service calls, Pacific Bell exceeded its goal in one of 12 months of 1996, but improved this result to exceed this goal in ten of 12 months of 1997.

⁶ The CDPUC has broad authority under Conn. Gen. Stat. Sec. 16-47(d) to regulate SNET's provision of service, and has shown no reluctance to exercise that authority. In its March 13, 1996 decision in Docket No. 95-03-01, Application of The Southern New England Telephone Company for Financial Review and Proposed Framework for Alternative Regulation, at pp. 47-49, the CDPUC established multiple service standards covering trouble reports, switch outage minutes, maintenance, installation and answer times, and, as a penalty mechanism, ordered inclusion of an associated "q" factor in the price cap plan for SNET's retail services. More recently, in Docket No. 97-04-23, Application of The Southern New England Telephone Company for Approval of Proposed Service Standards and Financial Remedies for Resold Services and Unbundled Elements, the CDPUC conducted an exhaustive review of service standards and associated remedies for SNET's wholesale services. A draft decision, available at the CDPUC's home page on the Internet, tentatively adopts, at pp. 34-35, a host of new standards covering all aspects of wholesale service delivery and interconnection. <<http://www.st.ct.us/dpuc>>

Finally, the CDPUC monitors SNET's multi-year technology plans, and in its Decision approving the SBC/SNET merger, it required SNET and SBC to report regulated product

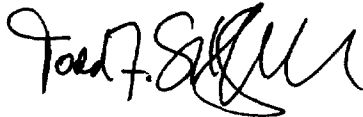
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To the contrary, the Connecticut Department of Public Utility Control clearly expects, as do SBC and SNET, real improvements in technology and product availability as well as in actual service delivery for Connecticut customers as a result of the merger. See CDPUC Merger Decision at pp. 41-42 and 44.

The merger of SBC and SNET promises real benefits to SNET, its customers, employees and shareowners. SBC and SNET urge the Commission to promptly approve the applications in this docket and to allow SBC and SNET to begin to bring these benefits to the people of Connecticut.

In accordance with Section 1.1206(b)(2) of the Commission's Rules, an original and one copy of this letter is provided herewith. Please contact me should you have any questions.

Respectfully submitted,



Todd F. Silbergeld
Director-Federal Regulatory

cc: Mr. Stockdale
Mr. van Leeuwen
Mr. Lanning
Ms. Karmarkar
Ms. O'Connell

availability in Connecticut as compared to SBC's other states to ensure that Connecticut does not fall behind.